

## Message Text

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DRAFTED BY: E: RMORRIS

APPROVED BY: E: RMORRIS

S/S: FORTIZ

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O 101704Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY PARIS IMMEDIATE

C O N F I D E N T I A L STATE 081696

EXDIS - FOR ROBINSON

FOLLOWING MESSAGE SENT WHITE HOUSE SECSTATE WASHDC TREASURY  
WASHDC FROM SEC SIMON ABD SAM 86971 09 APR 75:

QUOTE C O N F I D E N T I A L

EXDIS

TO: THE PRESIDENT, SECRETARY OF STATE KISSINGER,  
DEPUTY SECRETARY OF THE TREASURY GARDNER, ADDRESSEES ONLY.

BEGIN TEXT:

A NUMBER OF SIGNIFICANT VIEWS WERE REVEALED LAST  
NIGHT IN EXTENSIVE UNANNOUNCED MEETING OF FINANCE MINISTERS OF  
UK, FRANCE, GERMANY, JAPAN, AND U.S.

OTHER MINISTERS NOW FEEL, IN CONTRAST TO PREVIOUS  
MEETINGS, THAT US HAS TAKEN FULLY ADEQUATE MEASURES OF  
FINANCIAL STIMULUS. THEIR CONCERN IS NOW FOCUSED ON  
AVOIDING DAMAGES FROM INFLATION, A RESURGENCE OF WHICH  
ALL FEAR IN 1976. HEALEY CONFIDED THAT HE WELL INTRODUCE NEXT  
WEEK WHAT HE DESCRIBES AS A DEFLATIONARY BUDGET, WHICH WILL  
REDUCE UK SUBSIDIES FOR ENERGY AND PRODUCTS OF NATIONALIZED  
INDUSTRIES WHILE RAISING TAXES, ALTHOUGH A REDUCTION IN  
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CORPORATE TAXES WILL BE INTRODUCED TO ALLOW FOR ILLUSIONARY

NATURE OF INVENTORY WRITE-UP PROFITS. ALL OF THE MINISTERS WERE CONCERNED ABOUT A PROBABLE SHORTAGE OF INDUSTRIAL CAPACITY AS THE RECOVERY GETS UNDERWAY AND ARE PLANNING BOTH GENERAL AND SPECIFIC MEASURES TO ENCOURAGE INVESTMENT IN INDUSTRIAL PRODUCTIVE CAPACITY.

THE EUROPEANS EXPRESSED CONCERN ABOUT THE CURRENT EVIDENCES OF CLOSE COLLABORATION BETWEEN THE OPEC COUNTRIES AND THE LESS-DEVELOPED COUNTRIES AND ARGUED THAT THE US IS LOSING INFLUENCE BY INTIMATION OF MOVES TOWARD ISOLATIONISM JUST WHEN MORE INTEREST-AND MORE MONEY-SHOULD BE ACCORDED TO THE LDC'S. CONCERN OVER WEAKNESS OF US ADMINISTRATION RELATIVE TO CONGRESS WAS ALSO EVIDENT, AND HEALEY IN PARTICULAR POSED AS GREATER EXPERT THAN WE ON WHAT IS ACCEPTABLE TO CONGRESS. NATURALLY I STRESSED THAT OUR POLICY IS NOT TO WITHDRAW FROM WORLD INVOLVEMENT AND THAT THE CONGRESS WILL GIVE US ADEQUATE SUPPORT IF WE OFFICIALS WORK CLOSELY TOGETHER TO DEVELOP INTERNATIONAL AGREEMENTS WORTHY OF SUPPORT.

US WAS URGED BY EUROPEANS TO CONTRIBUTE TO PROPOSED FUND TO SUBSIDIZE INTEREST RATES ON IMF LENDING TO LDC'S OF MONEY BORROWED FROM THE OIL PRODUCERS. I UNDERTOOK TO DISCUSS THE SUBJECT IN WASHINGTON BUT EXPRESSED STRONG DOUBTS ABOUT THIS PROPOSED FORM OF ASSISTANCE, PARTICULARLY IN VIEW OF THE PROBABILITY THAT IT WOULD MILITATE AGAINST MORE IMPORTANT REQUEST FOR APPROPRIATION OF FUNDS ALREADY AUTHORIZED FOR IDA. I SUGGESTED PREFERABLE PROCEDURE WOULD BE TO ADOPT US PROPOSAL TO PLACE IN TRUST FUND FOR BENEFIT OF MOST NEEDY THE PROFIT FROM MOBILIZATION OF A SMALL PART OF THE GOLD NOW LYING FROZEN IN THE IMF. WITHOUT DROPPING THE INTEREST SUBSIDY PROPOSAL, THE GROUP AGREED IN PRINCIPLE ON THE DESIRABILITY OF THE GOLD-FED TRUST FUND AND INSTRUCTED THEIR DEPUTIES TO ATTEMPT TO WORK OUT ITS DETAILS.

AGREEMENT WAS ALSO REACHED ON THE DESIRABILITY OF A MEETING BEFORE THE END OF APRIL OF THE CREDITORS OF CHILE AND I EXPRESSED THE STRONG HOPE THAT THIS MEETING WOULD BE FOLLOWED PROMPTLY BY A MEETING WITH CHILE. SIMON UNQUOTE KISSINGER

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